Forex Deficit and Inflow

2235. SHRI SHANKAR DAYAL SINGH :

SHRIMATI MIRA DAS :

SHRI CHIMANBHAI MEHTA :
SHRI SOM PAL :

Will the Minister of FINANCE be pleased to state :

(a) what is the expected balance of payment position of current financial year in terms of quantum of FOREX deficit;

(b) what is the expected FOREX inflow from various sources including remittances from abroad, export earnings, bilateral and multilateral aid, foreign investments in industries and stocks; and

(c) what are the reasons for shortfall in expected exports and increased imports?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a). The balance of payments position in terms of foreign exchange deficit is reflected in the current account deficit and the normal flows in the capital account. For the current financial year it is estimated by the Reserve Bank of India that the Current Account deficit would be of the order of US $ 6 to $ 7 billion. After accounting for normal flows in the capital account a financing gap of about US $ 3 billion is estimated.

(b) It is difficult to determine the expected foreign exchange inflow from all the different sources. However, the expected inflows through exports are about US $ 20 billion through bilateral and multilateral Aid about $ 3 billion and about US $ 400 to US $ 500 million from direct foreign investments.

(c) Against the target of US $ 20132 million for the financial year 1992-93, exports, during the first six months i.e. April September 1992, according to provisional figures are US $ 8549 million. The targets are set on a financial year basis and it would not be appropriate to assess its shortfall or otherwise at this stage. Imports during April-September 1992 amounted to US $ 11171 million as compared to US $ 9135 million thereby registering an increase of 22.3 per cent. The increase is to a great extent, to compensate for a severe import compression during the financial year 1990-91 due to critical balance of payments position.

Monetary Expension

2336. SHRI SHANKAR DAYAL SINGH :

SHRIMATI MIRA DAS :

SHRI CHIMANBHAI MEHTA :

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question No. 2 given in the Rajya Sabha on 24th November, 1992 and state :

(a) what are the factors leading to sizeable reduction of monetary expansion in the year 1992-93 as compared to previous years;

(b) whether by expansion or contraction of credit, Government are likely to help the twin task of growth of the economy and containment of inflation which may allow surplus with the people to buy industrial goods in coming months; and

(c) whether the above task is being done successfully if so, in what manner it has improved industrial production ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a). Monetary expension (rate of growth in M_3 in the current financial year 1992-93 was 10.2 per cent upto October 30, 1992, same as that in the corresponding period of the last financial year 1991-92 (up to November 1, 1992). However, as per latest data available from the Reserve Bank of India, the rate of expension in M_3 is 10.9 per cent in the current financial year 1992-93 (upto November 13, 1992) as against 11.6 per cent growth recorded in the corresponding period of 1991-92 (upto November 15, 1991). Lower rate of expansion in M_3 may be attributed mainly to significantly lower rate of expansion in Net Bank Credit to Government (9.6 per cent in the current financial year as against 14 per cent expansion in the corresponding period of 1991-92) and fall in net foreign exchange assets of the banking sector by 10.9 per cent as against a growth of 25